

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

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In re:	:	
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THE FINANCIAL OVERSIGHT AND	:	PROMESA
MANAGEMENT BOARD FOR PUERTO RICO,	:	Title III
	:	
as representative of	:	Case No. 17-BK-3283 (LTS)
	:	
THE COMMONWEALTH OF PUERTO RICO <i>et al.</i> ,	:	(Jointly Administered)
	:	
Debtors. <sup>1</sup>	:	
	X	

**PAUL HASTINGS’ CONSENTED TO URGENT MOTION FOR EXPEDITED  
CONSIDERATION OF URGENT MOTION, PURSUANT TO PROMESA  
SECTIONS 316 AND 317, BANKRUPTCY CODE SECTION 105(a), PAUL  
HASTINGS’ AUGUST 10, 2017 RETENTION ORDER, AND JUNE 6, 2018 INTERIM  
COMPENSATION ORDER, TO COMPEL DEBTORS TO COMPLY WITH  
JUNE 6, 2018 INTERIM COMPENSATION ORDER**

To the Honorable United States District Court Judge Laura Taylor Swain:

Paul Hastings LLP (“Paul Hastings”), counsel to the Official Committee of Unsecured Creditors of all Title III Debtors (other than COFINA) (the “Committee”), hereby files this urgent motion (the “Urgent Motion”) requesting entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), for expedited consideration of *Paul Hastings’ Urgent Motion, Pursuant to PROMESA Sections 316 and 317, Bankruptcy Code Section 105(a), Paul Hastings’ August 10, 2017 Retention Order, and June 6, 2018 Interim*

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

*Compensation Order, to Compel Debtors to Comply With June 6, 2018 Interim Compensation Order* (the “Motion to Compel”).<sup>2</sup> In support of this Urgent Motion, Paul Hastings respectfully represents as follows:

### **JURISDICTION AND VENUE**

1. The United States District Court for the District of Puerto Rico has subject matter jurisdiction over this matter pursuant to section 306(a) of PROMESA.<sup>3</sup>
2. Venue is proper pursuant to section 307(a) of PROMESA.
3. The statutory bases for the relief requested herein are section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9006, made applicable to these Title III cases by sections 301(a) and 310 of PROMESA, Rule 9013-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the District of Puerto Rico (the “Local Rules”), and the *Eighth Amended Notice, Case Management and Administrative Procedures* [Docket No. 4866-1] (the “Case Management Procedures”).

### **RELIEF REQUESTED**

4. By this Urgent Motion, Paul Hastings respectfully requests entry of the Proposed Order: (a) scheduling oral argument on the Motion to Compel for the Court’s omnibus hearing scheduled for **January 30, 2019**; (b) setting an objection deadline to the Motion to Compel in the Court’s discretion; and (c) authorizing Paul Hastings to reply to any objection to the Motion to Compel at the January 30, 2019 hearing. As detailed below, Paul Hastings believes that the proposed expedited schedule is appropriate under the circumstances. Moreover, **AAFAF has agreed to have the Motion to Compel heard at the January 30, 2019 omnibus hearing.**

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<sup>2</sup> All capitalized terms used but not defined herein have the meanings ascribed to such terms in the Motion to Compel.

<sup>3</sup> References to PROMESA are references to 48 U.S.C. §§ 2101 *et. seq.*

**BASIS FOR RELIEF REQUESTED**

5. Bankruptcy Rule 9006(c)(1) provides that “the court for cause shown may in its discretion with or without motion or notice order the period [for notice] reduced.” Further, Local Rule 9013-1(a) allows a party to request that a court “consider a motion on an expedited basis.” Cause exists to schedule the Motion to Compel on an expedited basis.

6. Expedited consideration of the Motion to Compel is appropriate under the circumstances here. First and foremost, Paul Hasting submits that it has acted diligently to address this matter without the need for Court intervention. For one, Paul Hastings was only informed on January 22, 2019 that Hacienda was withholding payment on Paul Hastings’ pending, unopposed fee statements for the months of October and November 2018 on the basis that Hacienda was in the process of determining whether such fees should retroactively be subjected to a 29% tax as a result of the Tax Reform Law enacted on December 10, 2018, *i.e.*, after all services covered by such fee statements had been rendered. Prior to January 22, 2019, Paul Hastings had no reason to believe that Hacienda was considering taking such a position (which, as explained in the Motion to Compel, has not basis in law).

7. Moreover, once Paul Hastings learned that AAFAF was in discussions with Hacienda regarding this matter, it held off filing the Motion to Compel until Friday, January 25, 2019, in order to give AAFAF and Hacienda an opportunity to continue their discussions to reach a resolution without the need for Court intervention. Unfortunately, as of the filing of this Motion, the tax issue remains unresolved and it is unclear when Paul Hastings can expect payment on its pending fee statements. Given that Paul Hastings’ current fiscal year ends on

January 31, 2019, Paul Hastings respectfully requests that the Motion to Compel be heard at the January 30, 2019 omnibus hearing.<sup>4</sup>

8. Finally, as noted above, **AAFAF has agreed to have the Motion to Compel heard at the January 30, 2019 omnibus hearing.**

9. Pursuant to Section I.H. of the Case Management Procedures, undersigned counsel certifies that it has engaged in reasonable, good-faith communications with counsel to other interested parties. Moreover, in accordance with Local Bankruptcy Rule 9013-1(a)(2), undersigned counsel certifies that counsel has carefully examined the matter and concluded that there is a true need for an urgent hearing, and that the movant has not created the urgency through lack of due diligence on its part. The undersigned further certifies that movant made a bona fide and good faith effort to resolve the matter without a hearing.

#### **NOTICE**

10. Notice of this Urgent Motion has been provided to the following entities, or their counsel, if known: (i) the U.S. Trustee; (ii) the Office of the United State Attorney for the District of Puerto Rico; (iii) the Oversight Board; (iv) the Puerto Rico Fiscal Agency and Financial Advisory Authority; (v) the Official Committee of Retirees; (vi) the insurers of the bonds issued or guaranteed by the Debtors; (vii) counsel to certain ad hoc groups of holders of bonds issued or guaranteed by the Debtors; and (viii) all parties that have filed a notice of appearance in these Title III cases.

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<sup>4</sup> In the past, the Court has similarly shortened the deadlines regarding a motion to compel payment of fees where the professional remained unpaid towards the end of its fiscal year. *See Urgent Motion of the Official Committee of Retired Employees of the Commonwealth of Puerto Rico for Expedited Hearing*, dated December 22, 2017 [Docket No. 2156]; *Order Setting Briefing Deadlines in Connection with the Urgent Motion of the Official Committee of Retired Employees of the Commonwealth of Puerto Rico for Expedited Hearing* [Docket No. 2165] (setting objection deadline for four days after filing of motion to compel payment of fees).

**NO PRIOR REQUEST**

11. No previous request for the relief requested herein has been made to this or any other court.

*[Remainder of page intentionally left blank.]*

WHEREFORE, Paul Hastings respectfully requests that the Court enter the proposed order attached hereto as **Exhibit A** expediting consideration of the Motion to Compel and granting such other relief as the court deems just and proper.

Dated: January 25, 2019

/s/ Luc A. Despins

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- and -

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